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Statement
of
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Department of Defense



before the
Subcommittee on National Security, Emerging Threats,
and International Relations
House Committee on Government Reform
on
"Iraq Reconstruction, Governance and Security
Oversight"






Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before the Subcommittee today to discuss the DoD IG oversight role related to Iraq reconstruction, governance and security oversight efforts by the Department of Defense. My testimony today will describe our activities with respect to that role, which includes providing oversight of other DoD audit and investigative organizations.



Reconstruction


Congress initially established the Special Inspector General for Iraq Reconstruction (SIGIR) with the specific responsibility to oversee the \$18.4 billion Iraq Reconstruction and Relief Fund. In support of this mission, the DoD IG provided over 125 staff members, on a full or part-time basis, to SIGIR and its predecessor, the Coalition Provisional Authority Inspector General, and provided significant support from our main headquarters as well.




Recognizing the SIGIR oversight responsibility pertaining to the \$18.4 billion, the DoD audit community has focused efforts on the additional emergency supplemental appropriations of \$65.2 billion for FY 2004 and of \$76 billion for FY 2005 to support the

Global War on Terror and U.S. operations in Iraq and Afghanistan. Specifically, as of August 31, 2005, the Defense Contract Audit Agency has issued 622 reports with significant costs questioned, deficiencies, and in some cases, referrals for investigations of possible fraud. The Service Audit Agencies have collectively issued 14 audit reports and have 16 ongoing efforts. Our oversight during FY 2006 will concentrate on the required review of DCAA quality control system to ensure their audit work complies with Government Auditing Standards. To accomplish this, we will review the adequacy of price proposal, incurred cost, and internal control review audits. I expect the review to include a sampling of DCAA audits of Iraq reconstruction.


To preclude duplicative efforts, the DoD IG limited its audit role because of the extensive oversight already provided by the SIGIR, the DoD audit community and the Government Accountability Office. However, we do provide an oversight role with respect to the Service Audit Agencies and the Defense Contract Audit Agency. Overall, the DoD IG has issued 31 audit reports and has two ongoing efforts on issues pertaining to the Global War on Terror. Those issues include acquisition, chemical and biological defense, cooperative threat reduction program, export controls, force protection, and financial and personnel responsibility. Two of the issued audit reports address the use of FY 2004 Emergency Supplemental Appropriations. Appendix 1 provides a list of recently completed and ongoing audit projects.



Further, to coordinate oversight efforts and avoid duplication, our office also participates in regularly scheduled meetings of the Iraq Inspectors General Council which has representatives from SIGIR, Government Accountability Office, the Department of State Office of the Inspector General, the U.S. Agency for International Development Office of the Inspector General, the Defense Contract Audit Agency, the U.S. Army Audit Agency, and U.S. Army Corps of Engineers. The Army Auditor General will discuss the respective efforts of her office.



As the criminal investigative arm for the DoD IG, Defense Criminal Investigative Service, as part of a Department of Justice Task Force, is involved in the review of allegations regarding matters that have occurred in Iraq. Beginning in May 2003, DCIS provided two special agents to conduct criminal investigations in support of the Coalition Provisional Authority (CPA), in Baghdad, Iraq. This effort was increased to three special agents in November 2003, due to the magnitude of work, and remained at that level until the operation was terminated in November 2004. Investigative support to the CPA resulted in numerous recoveries and dismantling of criminal operations to include a multi-million dollar counterfeiting operation involving Iraqi Dinar, and the multiple seizures of weapons and explosive devices destined to be used against coalition forces.







Governance

Principled Governance Initiative / Support to the Iraqi Inspector General System.

The DoD OIG has worked hand-in-hand with U.S. and Iraqi officials to facilitate the establishment of a viable and credible Iraqi IG system. We have emphasized to the Iraqi government, through the Department of State, that IGs promote rule of law by exposing fraud, waste, abuse and mismanagement in government activities. In an emerging democracy like Iraq, the IG can have a profound affect on the ability of the government to form and operate under the rule of law.



Prior to the establishment of the SIGIR, at the request of the Ambassador Paul Bremer, the DoD IG Deputy Inspector General for Intelligence served as the first interim Inspector General for the Coalition Provision Authority (CPA). At the recommendation of the Department of Defense Inspector General, Ambassador L. Paul Bremer III, signed CPA Order #57 on February 10, 2004 establishing an Inspector General system in the Iraqi government modeled on the U.S. statutory Inspector General System. Before he turned authority over to the Iraqi Interim government on June 28, 2004, he appointed an Iraqi to head each ministerial IG office.



From the beginning, we have worked with the Department of State and SIGIR to define how the United States government can best support this element of the Iraqi anti-corruption system. We are working together to ensure the accomplishment of the following three objectives for the IG system:

1. Stability – the IG must promote the rule of law and complement the anti-corruption efforts of the Commission of Public Integrity (CPI) and the Board of Supreme Audit (BSA). We are working with other government players to define clearly the relationships among the three pillars of anti-corruption in Iraq: the IGs, CPI, and BSA.
2. Sustainability – the IG system must be supported by a permanent training mechanism for leadership, ethics, transparency, principles of democratic rule, as well as advanced auditing, inspections, and investigations. We are working with SIGIR, Department of State, and other agencies to help establish a permanent Iraqi training mechanism to train IGs, auditors, investigators, and the senior management of the Iraqi ministries.
3. Professionalism – Offices must be staffed with highly qualified and trained personnel, operating under standard procedures, and following published government/ministry standards for their operations. Currently, offices are undermanned, inadequately supported, and staff have received only basic, entry-level training as IGs. We have worked in concert with other government players to provide near-term training for inspectors general and their staffs while developing a concept for an Academy of Principled Governance to provide long-term quality and sustainability.

Iraqi officials agree that U.S. intervention is necessary. The Commissioner on Public Integrity and the 31 ministry IGs agree that they need a professional training mechanism that would teach and train not only IGs, but government officials. On June 23, 2005, the Commissioner of Public Integrity wrote a letter to the Ambassador, stating that:

“... fighting corruption and instilling a culture of ethics, transparency, and accountability are critical requirements for a democratic Iraq. [A training institute] would further our objectives by creating education, training, and capacity-building to personnel from CPI, the Board of Supreme Audit (BSA), the Inspectors General (IGs) in the ministries, other Iraqi government personnel and members of the public.”

While there are differences on how best to establish this educational and training institution, there is agreement on its criticality. This educational institution would support the rule of law and transparency throughout the Iraqi government. Properly established, it can support the ministerial capacity-building effort now ongoing in Iraq.

To address the three objectives, DoD OIG has proposed a 5-step plan, called “the Principled Governance Initiative,” which includes not only the Academy as described above, but also an assessment of Iraqi IG System, deployment of a handful of advisors to the 31 Iraqi Inspectors General, and a series of exchange visits to facilitate interpersonal

relationships, and communications. This initiative offers a mechanism to help the Iraqi IG system become self-sustaining.

In July 2005, as part of the exchange visit portion of the initiative, we invited Ms. Layla Jassim Al-Mukhtar, the IG for the Ministry of Defense, to the United States to speak to the collective U.S. IGs at their monthly meeting of the President's Council on Integrity and Efficiency. On behalf of her fellow IGs, she reiterated their interest in establishing a cooperative program between the U.S. and Iraqi Inspectors General.

In April 2005, after one year in operation, the Iraqi IGs conducted a self-assessment. They reported that they were manned at the 50% level and were vulnerable to rotating ministers. Despite these obstacles, they had handled 2500 complaints, conducted 1000 inspections, 650 investigations, and 600 audits.

We have deployed a senior IG advisor to Baghdad to aid the Ministry of Defense (MOD) IG set the standard for other IGs. We have formed a rear liaison cell in Washington, DC, to support the deployed advisor and allow him to focus on aiding and advising the MOD and the MOD IG regarding the effective operation of the IG office. Together the forward advisor and the rear cell address a myriad of activities related to both immediate and long-term support requirements, including detailed planning, arranging for inspections training to take place in Baghdad, coordinating joint visits with other IGs, and briefing interested stakeholders, both in Iraq and the United States. We

believe that by showing the way in the Ministry of Defense and by advocating the larger picture, we might encourage other U.S. IGs to reach out to their Iraqi counterparts.

We have enjoyed the support of SIGIR and State IGs, in encouraging officials in Iraq to work together in supporting the joint US-Iraqi fight against corruption. However, despite the combined efforts of SIGIR, State OIG, and DoD OIG, the sustainability of the IG system in Iraq is vulnerable. Without further investment on the part of the United States, it will be difficult to maintain an effective Iraqi IG system.

Security

Assessment of Iraqi Police Training

In October 2004, the Inspectors General of the Department of Defense and Department of State initiated an interagency project to fully examine the processes and organizational relationships associated with the training of the Iraqi Police Service (IPS). On July 15, 2005, we issued a joint report on the results of our Department of State / Department of Defense Inspectors General “Interagency Assessment of Iraq Police Training.”

The Departments of Defense and State share oversight responsibilities for U.S. Government-funded training of the Iraqi police. National Security Presidential Directive-36 gives primacy to the DOD for directing all U.S. Government efforts along with coordination of international efforts in support of organizing, equipping, and training all

Iraqi security forces. Department of State was given the responsibility for providing policy guidance. Training of internal security forces, including a police or constabulary force, in a post-conflict environment has typically been a Department of State mission; however, owing to the security situation in Iraq, NSPD-36 gave this responsibility to the Department of Defense.

As of the publication of our report, the U.S. had spent approximately \$110 million in constructing police training facilities in Iraq. For the training facility in Jordan an additional \$89.5 million had been spent on construction as of February 2005 with another \$15.9 million in pending construction costs. Operations and maintenance costs were not determined by our assessment team.

Our study of the training program was a snapshot in time taken in February and March 2005. Nevertheless, the snapshot revealed systemic issues that should be addressed in order to create a viable and self-sustaining Iraqi Police Service (IPS). These issues include:

- Although the IPS is not yet capable of single-handedly meeting the security challenges, Coalition programs are making progress as evidenced by the good performance of the police during the January elections, the increased visibility of police on the streets, and the polls indicating a growing public respect for and confidence in the police force.

- Despite recent improvements, too many recruits are marginally literate; some show up for training with criminal records or physical handicaps; and some recruits allegedly are infiltrating insurgents. Iraqi Ministry of Interior (MOI) and IPS officials contend that Iraqis are better suited to screen candidates than are Coalition military personnel.
- Most of the IPS training programs have been designed and executed by the Coalition with insufficient input from Iraqi leaders.
- The emphasis on numbers overshadows the attention that should be given to the qualitative performance of those trained.
- Iraqi officials agree that training of raw recruits should be suspended in favor of in-service training. In principle, U.S. police training officials agree that this shift will be reflected in the next training cycles. Plans need to be made now to revise curricula, decide on facilities utilization, and adjust instructor staffs.
- Unless and until the MOI takes full responsibility for the management and administration of the IPS program, the Coalition is predestined to fall short in helping to create an effective police force.
- Plans need to be drafted to transfer IPS training program responsibility to Department of State.

The report makes 30 formal recommendations, 23 of which assign lead responsibilities to the DOD (see Appendix 2). We suggest that most of these recommendations should be implemented by our military commands in Iraq. We have

noted significant progress in implementing many of the recommendations made in the report. We intend to conduct a follow up review of the Iraqi police training effort in the Spring of 2006. We are currently working with the State Department Inspector General, SIGIR, and the Special Assistant to the Secretaries of Defense and State for Iraq and Afghanistan to plan calendar year 2006 activities in support of both countries.

This concludes my statement and I would be happy to respond to any questions you may have.

APPENDIX 1

DoD IG Audit Reports related to the Global War on Terror (2002-2005)

Issued Audit Reports

- D-2005-095 DoD Patient Movement System (7/27/2005)
- D-2005-045 Operations and Maintenance Funds for the FY 2004 Emergency Supplemental Appropriation Allocated to the Defense Logistics Agency (5/9/2005) (FOUO)
- D-2005-053 Operations and Maintenance Funds for the FY 2004 Emergency Supplemental Appropriation Allocated to the Defense Information Systems Agency) (4/29/2005) (FOUO)
- D-2005-024 Management of Navy Senior Enlisted Personnel Assignments in Support of Operation Iraqi Freedom (12/15/2004)
- D-2004-090 Defense Hotline Allegations Concerning C-130 Aircraft Use in the U.S. Central Command Area of Responsibility (U) (06/17/04) (Classified)
- D-2004-086 Management of Marine Corps Enlisted Personnel Assignments in Support of Operation Iraqi Freedom (06/16/04)
- D-2004-082 DoD Installation Disaster Preparedness and Consequence Management in the U.S. European Command (U) (05/24/04) (Classified)
- D-2004-062 Interagency Review of Foreign National Access to Export-Controlled Technology in the United States (04/19/04)
- D-2004-061 Export-Controlled Technology at Contractor, University, and Federally Funded Research and Development Center Facilities (03/25/04)
- D-2004-057 Contracts Awarded for the Coalition Provisional Authority by the Defense Contracting Command-Washington (03/18/04)
- D-2004-050 Management Structure of the Cooperative Threat Reduction Program (02/05/04)
- D-2004-045 Coalition Support Funds (U) (01/16/04) (Classified)
- D-2004-039 Cooperative Threat Reduction Construction Projects (12/18/03)
- D-2004-033 Terrorism Information Awareness Program (12/12/03)
- D-2004-007 Force Protection in the Pacific Theater (U) (10/14/03) (Classified)
- D-2004-003 Decontamination Operation Preparedness of Continental U.S.-Based Navy and Air Force Units (U) (10/08/03) (Classified)
- D-2003-131 Cooperative Threat Reduction Program: Solid Rocket Motor Disposition Facility (09/11/03)
- D-2003-126 Interagency Summary Report on Security Controls Over Biological Agents (U) (08/27/03) (Classified)
- D-2003-121 Evaluation of DoD Fire and Emergency Services Program (8/12/03)

- D-2003-102 Office of the Secretary of Defense Disaster Preparedness (U) (06/17/03) (Classified)
- D-2003-070 DoD Involvement in Export Enforcement Activities (03/28/03) (FOUO)
- D-2003-069 Interagency Review of Federal Export Enforcement Efforts (04/18/03) (FOUO)
- D-2003-028 Summary Report on Homeland Defense, Chemical/Biological Defense (CBD), and Other Matters Related to Counter-Terrorist Military Operations (U) (11/25/02) (Classified)
- D-2003-021 Export Controls Over Biological Agents (U) (11/12/02) (Classified)
- D-2003-014 Facility-Specific Controls Over Biological Agents (U) (10/25/02) (Classified)
- D-2003-012 Controls Over Biological Agents at Contractor Facilities (U) (10/21/02) (Classified)
- D-2002-154 Cooperative Threat Reduction Program: Liquid Propellant Disposition Project (09/30/02)
- D-2002-121 Security: Controls Over Biological Agents (U) (06/27/02) (Classified)
- D-2002-102 Summary Report on Homeland Defense, Chemical/Biological Defense (CBD), and Counterterrorism (U) (06/11/02) (Classified)
- D-2002-095 Chemical/Biological Defense (CBD) Individual Protective Equipment in CENTCOM and EUCOM Areas (U) (05/30/02) (Classified)
- D-2002-087 DoD Medical Support to the Federal Response Plan (05/10/02)

Ongoing Audit Projects

Contracts Awarded to Assist the Global War on Terrorism by the U.S. Army Corps of Engineers (Project No. D2004CF-0186). The objective of this audit is to examine contract requirements, determinations, validation and award procedures for selected contracts and contract actions awarded by the U.S. Army Corps of Engineers in support of the Global War on Terrorism. It is now in its draft report phase.

Audit of Contract Surveillance for Service Contracts (Project No. D2004CF-0140). The overall objective is to determine whether the Government provides sufficient contract oversight for service contracts to ensure that contractors perform in accordance with the contract. Specifically, auditors are determining whether personnel have been appointed to monitor contractors' performance, contractors' work is adequately monitored, contractors perform in accordance with contractual obligations, and contractor performance has been properly documented for future use. It is now in its draft reports phase.

APPENDIX 2

Recommendations of the "Interagency Assessment of Iraq Police Training" (U.S. Department of State/U.S. Department of Defense, July 15, 2005)

Recommendation 1: Coalition authorities should plan and implement training focused on qualitative standards rather than on the numbers of trained IPs. This redefinition of objectives should be made explicit in a revised mission statement for CPATT. (Action: Multinational Force–Iraq (MNF–I) in coordination with Multinational Security Transition Command–Iraq (MNSTC–I) and Embassy Baghdad.)

Recommendation 2: Coalition and Mission Iraq officials should support and encourage efforts by the Iraqi Transitional Government (ITG) to strengthen MOI control over the IPS through re-centralization of administrative processes and development of relevant SOPs. (Action: MNSTC–I and Embassy Baghdad.)

Recommendation 3: A working group of qualified instructors, specifically to include Iraqi representation, should design a range of courses suitable to the training needs of in-service IPS personnel. Mutually established parameters for candidate selection should be integral to this process. Changes in curricula for IP training must be negotiated in advance with the MOI and be implemented only after Iraqi agreement to such changes. (Action: MNSTC–I in consultation with the Iraqi Ministry of Interior.)

Recommendation 4: Coalition authorities should pursue agreement with the MOI to incorporate the existing Emergency Response Unit, Bureau of Dignitary Protection, and provincial SWAT units into the Public Order Battalions, Special Police Commando Units, and Mechanized Brigades. (Action: MNSTC–I in coordination with Embassy Baghdad.)

Recommendation 5: Appropriate parties need to explore the merits, feasibility and conceivable sources of any U.S. Government funding to cover MOI salary shortfalls during the current fiscal year. This determination should take into account possible out-year implications for such support. (Action: MNF–I in consultation with MNSTC–I and Embassy Baghdad.)

Recommendation 6: A joint Coalition/MOI assessment should be conducted to determine operation and maintenance costs of Coalition-built and/or renovated training facilities and to determine how and whether those costs can be sustained. (Action: MNSTC–I in collaboration with Embassy Baghdad and in consultation with the MOI.)

Recommendation 7: Coalition and MOI leaders/trainers should identify a mutually agreeable target number or percentage of IPS trainees who demonstrate ambition and talent for subsequent leadership training. (Action: MNSTC–I in consultation with the MOI.)

Recommendation 8: A joint committee of Coalition and MOI officials should screen and select officers for advanced training based on mutually established qualification standards. (Action: MNSTC-I in conjunction with MOI.)

Recommendation 9: The Coalition recruiting program should be placed under the direction of the MOI, with MNC-I and CPATT providing assistance. (Action: MNF-I in consultation with MNC-I, MNSTC-I, and Embassy Baghdad.)

Recommendation 10: Coalition authorities should assess the extent and quality of Iraqi Ministry of Interior's records relevant to the vetting process, and then conclude a non-binding memorandum of agreement with the Ministry on access to and utilization of such material. (Action: MNSTC-I in coordination with Embassy Baghdad and consultation with the MOI.)

Recommendation 11: Coalition and Iraqi authorities should establish a non-binding agreement that states the MOI is responsible for vetting candidates for Coalition-sponsored police training. (Action: MNF-I in consultation with MNSTC-I and Embassy Baghdad and in collaboration with MOI.)

Recommendation 12: Coalition planners, in coordination with the MOI, should require that cadets first graduate from one of the police academies prior to entering Public Order Brigade (POB) or Emergency Response Unit (ERU) training. An in-service police training program should be developed for "currently serving" POB and ERU members who are not graduates of a police academy. (Action: MNSTC-I in coordination with the MOI.)


Recommendation 13: Contractual arrangements with expatriate instructors should specify that individually devised training courses will be submitted in advance for consideration and possible approval by MNSTC-I and CPATT. (Action: MNSTC-I.)

Recommendation 14: A non-binding agreement should be negotiated by the U.S. Government with the Iraqi Ministry of Interior that specifies that only applicants in possession of MOI-issued identification cards, explicitly stating that the bearer is a member of the IPS, will be accepted for training by the Coalition. (Action: MNSTC-I in coordination with Embassy Baghdad.)

Recommendation 15: Tables of Organization and Equipment should be developed for police stations and deployable police units throughout the country. (Action: MNSTC-I in coordination with MOI.)

Recommendation 16: Coalition authorities should establish internal controls to track transfer and accountability of equipment to the IPS. (Action: MNF-I in coordination with MNSTC-I and MNC-I and in consultation with MOI.)

Recommendation 17: Coalition resources, in close coordination with counterparts in the MOI and IPS, should develop an operational IPS Readiness Reporting System for the MOI. (Action: MNSTC-I in coordination with MOI.)




Recommendation 18: Coalition commanders should conduct a requirements analysis to determine the number of International Police Liaison Officers (IPLOs) who can be gainfully engaged under prevailing circumstances and adjust the number of these mentors accordingly. (MNSTC-I in consultation with Embassy Baghdad and INL.)

Recommendation 19: Standard operating procedures should be developed for the IPLOs, to define the relationships and responsibilities among the police liaison officers and military police. (Action: MNSTC-I in consultation with Embassy Baghdad and INL.)

Recommendation 20: The Department of State must keep Coalition governments apprised of developments at JIPTC, specifically those that relate to provision of training staff at that facility. (Action: Department of State's Bureau of Near Eastern Affairs in consultation with INL.)

Recommendation 21: The Department of State should decide whether and where an ILEA should be established in the Middle East. If Jordan is selected as a venue, negotiations for such a transformation of JIPTC should proceed quickly. (Action: Department of State's Bureau for Near Eastern Affairs in consultation with INL.)

Recommendation 22: Coalition commanders should obtain from the Iraqi Ministry of Interior a written commitment to assume responsibility for direct payment of the salaries of Iraqis trained by the Coalition at JIPTC. (Action: MNF-I in coordination with MNSTC-I and Embassy Baghdad and in consultation with MOI.)




Recommendation 23: Embassy Baghdad should work with the Iraqi Ministry of Interior to define areas in which Coalition advisors can play useful roles. (Action: Embassy Baghdad in collaboration with IRMO and MOI and in consultation with MNSTC-I.)

Recommendation 24: Top priority should be given to recruiting '3161' personnel qualified to fill positions as defined jointly by Embassy Baghdad and the Iraqi Ministry of Interior, then to assigning a full complement of such advisors to the Ministry of Interior. (Action: Embassy Baghdad through IRMO.)

Recommendation 25: Embassy Baghdad should obtain from the MOI a written commitment to assure Coalition authorities can access data relevant to tracking and mentoring IPS personnel trained in U.S. Government-funded programs. (Action: Embassy Baghdad in consultation with MNSTC-I.)

Recommendation 26: Coalition and MOI officials should develop standard operating procedures for personnel administration of the Iraqi Police Service. (Action: MNSTC-I in coordination with Embassy Baghdad.)



Recommendation 27: The Department of State should assign one or more INL officers to work directly within CPATT to ensure INL perspectives are considered in the development of the IPS. (Action: Department of State in coordination with Embassy Baghdad and MNSTC-I.)

Recommendation 28: MNSTC-I should perform an assessment of security and IPS infrastructure development by province to identify opportunities where additional responsibility for IPS training can be transferred to Provincial Police. (Action: MNSTC-I in consultation with the MOI.)

Recommendation 29: The Department of State should propose that the National Security Council establish an inter-agency working group with representatives from the Departments of State, Defense, and Justice. The working group should identify issues to be addressed for the transfer of police training responsibilities from DoD to DoS. (Action: Department of State, Bureau of Near Eastern Affairs, in consultation with Embassy Baghdad, MNF-I, MNSTC-I, and INL.)

Recommendation 30: The Departments of State and Defense, in consultation with the Office of Management and Budget (OMB), should prepare a memorandum of agreement (MOA) to define funding arrangements for future U.S. involvement in Iraqi Police Service-related programs. (Action: Department of State's Bureau of Resource Management (RM) and Department of Defense's Office of the Under Secretary for Policy in consultation with OMB.)